

## Response from the EITI Peru Multi-Sectoral Standing Commission (CMP) to the EITI International Secretariat in relation to the further validation process

Three points were mentioned to us, on which the CMP has worked and which we shall now explain:

### **Point 1 – Social expenditure in the mining sector**

Social expenditure (mandatory and voluntary) in the mining sector is reported by companies to the Ministry of Energy and Mines through the Annual Consolidated Declaration (Annex IV, Social Investment). This information is computerized and published by a software application named DATAMART to make it available to the public. The EITI Peru CMP considers that this information is valid for reporting social expenditure in the mining sector within the scope of the EITI Report.

At the moment, due to the process of updating and improving the computerized system, DATAMART is not publicly available. Accordingly, having carried out the relevant liaison<sup>1</sup> and actions with the responsible area, The MINEM Information Technology Office, provision has been made for this system to be available again for June of this year, as was communicated by letter of 08/04/19 to the International Secretariat.

Notwithstanding the foregoing, the information requested and referring to the 2015-2016 period is posted on the MINEM website, available through the following link:

[http://www.minem.gob.pe/minem/archivos/file/Copia%20de%20Anexo\\_4\\_DAC-%202015-%202016.pdf](http://www.minem.gob.pe/minem/archivos/file/Copia%20de%20Anexo_4_DAC-%202015-%202016.pdf)

### **Point 2 – Social expenditure in the hydrocarbons sector**

Reporting on social expenditure in the hydrocarbons sector is not subject to regulation, for which reason companies in the sector are not obliged to report such spending and there is no repository for such information in the competent Government agencies.

Following consultations and liaison by the EITI Peru Technical Secretariat:

- The General Directorate of Hydrocarbons, within the Ministry of Energy and Mines, told us that it does not have the information.
- PERUPETRO (a Government agency responsible for managing hydrocarbons contracts) said that within the framework of its role, it asks companies for this information on a random basis, which it reviews for reasons of internal monitoring. The information obtained is not verified and

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<sup>1</sup> EITI Peru Multi-Sectoral Standing Commission and EITI Peru Technical Secretariat (TS) (MINEM General Social Management Office).

is, therefore, confidential, as communicated to the EITI Peru CMP (PDF Attachment 01).

This being so, the EITI Peru CMP agreed at its meeting of 23/04/19 to prepare a "Roadmap for reporting and publishing social expenditure information in the hydrocarbons sector" (PDF Attachment 02), which it seeks to use to propose and lobby for the future establishment of this reporting obligation and the computerization of the information, taking the experience of the mining sector as a reference. The CMP undertakes to conduct the relevant follow-up.

It is noteworthy that the members of the EITI Peru CMP (composed of representatives of companies, the State and civil society) recognize that there are mandatory and voluntary social expenditures in the extractive sector (mining and hydrocarbons). Accordingly, the next discussion of the Terms of Reference for the VII EITI Peru National Transparency Report will address this issue in detail in order to clearly reflect it and to include the relevant information in this report.

Finally, the CMP undertakes to submit a proposal and to track the actions necessary to improve the formats of the mining and hydrocarbons sectors statutory declarations in order to improve the identification of disaggregated social expenditure.

### **Point 3 – Information requested from SUNAT**

As indicated by the EITI International Secretariat, SUNAT (the Peruvian tax collection agency) was asked for information on the existence of companies that had recorded more than 2% of the total tax on earnings paid by the mining and hydrocarbons sector for 2015-2016 in addition to the 61 companies that were included in the VI EITI National Transparency Report.

After actions by the Ministry of Economy and Finance and the EITI Peru Technical Secretariat to corroborate which companies should be considered for this analysis, SUNAT replied on 30/04/19, saying that there was 1 company in the mining sector that met the 2% criterion (PDF Attachment 03).

Accordingly, the EITI Peru CMP agrees to establish the necessary means, within the framework of compliance with national regulations and tax confidentiality to identify and include this company in the forthcoming 2017-2018 EITI National Transparency Report. It should be recalled that the materiality historically used by the CMP in reports has been that of production value.

**The EITI Peru CMP considers that the foregoing effectively and transparently demonstrates progress to meet the three requirements laid down by the EITI International Secretariat and its Validation Committee. It therefore reiterates that validation of the EITI process in Peru should be scored as Satisfactory Progress.**